1. There has been a fair amount of talk at this conference about a seismic shift in higher education. Accepting that metaphor, I would like to make the point that when the tectonic plates move, they move underground. In order for us to look to the future, we have to delve deeper than the above-ground manifestations of the earthquake. So, for me, what is happening is not just about solving a financial equation. For better or for worse, by whatever mechanisms, the financial equation is being solved. From UUK, or whatever mission group your university belongs to, there is a sense of accepting a current reality, and making it work.

2. My interest today arises from the topic of our conference. The above-ground manifestation of the seismic shift has been characterised as the marketisation of higher education. The dangers of marketisation to equality and diversity have already been pointed out by previous speakers: markets are not kind to the weak and the vulnerable. Markets are orientated towards money, not equality.

3. I agree. But I want to delve deeper. Let us accept that what is happening will happen, and ask what will be fundamentally different.

   - This will be the only major country in the world where the state is consciously and deliberately disinvesting from higher education. State spending on higher education is currently (depending on what you count) about 1.3% of GDP. This is less than the OECD average of 1.5%, and less than half of total spend in the USA. This proportion will now decrease. [The government says it is just shifting the channels through which their investment flows, since government funds will flow into student loans, rather than as a grant to universities. That argument, however, belies the original motivation, which is to reduce government spending, it ignores the fact that the money made available to students is more loan than grant, and it is not currently backed up by figures.] Such disinvestment will not pass unnoticed internationally, and conclusions will be drawn about the state of higher education in the UK.

   - This will be the only major country in the world where there will be no state contribution to the study of the arts and humanities. It is difficult to interpret this as any other view than that there is not sufficient public good in the study of History or Art or Literature of Philosophy to justify
spending public money on it. If you want to study those subjects, you’re on your own.

- This will be the only major country in the world which has created an incentive for its young people to leave. Instead of incurring a 30-year debt at a rate of up to £9,000 per year, you could go to some very reputable institutions outside the UK, where you would be welcome, would be taught in English, could pay up front, and would pay considerably less. The Netherlands or Germany comes to mind – or, if you want a different kind of experience, Cape Town. Otherwise, if you do stay and study in the UK, you may be tempted to leave after graduation, to some place where you could avoid paying your 30-year mortgage.

- This will be the only major country in the world where the state is saying that national debt is bad and must be eliminated, but individual debt (for education) is good and should be encouraged. It will also, as far as I know, be the only major country where you will get penalised for paying up front.

4. How did this seismic shift come about? First, the government made it a policy priority to eliminate the structural deficit by 2014. It was then faced with a choice: it could do so by getting more money in (raising taxes) or handing less money out (cutting public spending) – or, presumably, some combination of these. The choice was made for cutting public spending. Implementing this choice then took on a momentum of its own, with a discourse of its own, on “public sector cuts”. Somehow, universities got caught up in that discourse, as though they are just another part of the public sector.

I have long advocated the view that universities are in the first instance a part of civil society, not a part of the public sector. At my university, our direct grant from HEFCE is about 32% of total income, and our overall state funding is about 46% of income. So, as things stand, the state is already a minority stakeholder of my university, and in the new world it will now be an even smaller stakeholder.

5. The financial equation, however, is only a surface manifestation of this point about universities being part of civil society. The deeper reason for holding that view is that if you are part of the public sector, then the state is your master, but if you are part of civil society, then the state is your servant. The latter, it seems to me, is a view compatible with institutional autonomy and academic freedom.

6. So, yes, there is a seismic shift happening. But the marketisation of higher education is a surface manifestation of a deeper shift, which is a re-examination of the old question of the role of the state vis-à-vis civil society. It is at this level, I believe, that the tectonic plates are moving.
The current discourse of the ruling parties is about rolling back the state, about localism, about the devolution of power, and about markets. It says that a market economy in higher education will drive up quality and drive down price. This discourse dovetails very neatly with the discourse of cuts in public spending, because saying that the state will stay out of something is consistent with not spending any state money on it.

We should remember, however, that there is distinction between giving power to the people, and abdicating responsibility for the people. The state has a particular responsibility for protecting the weak and promoting opportunities for the disadvantaged. The market will not do that. The state, therefore, has a responsibility for the safeguarding and promotion of equality.

For this function, civil society can hold the state responsible. The public sector cannot. Therefore, if we see universities as part of civil society, then universities have a legitimate claim on the state for accelerating equality.

Finally, for the future of the equality agenda, I have four questions.

- What role will civil society play? I believe civil society should hold the state accountable for its responsibilities.
- What role will the higher education sector play? I believe that the role of universities is what it has always been, which is to secure the future.
- What role will ECU play? We have discussed this question during our conference, and our CEO, David Ruebain, will no doubt expand on this point during his closing address.
- What role will you play? At your seat you will have found a pledge card, where you can let us know what your own personal answer to that question is.

Thank you.